

AL-35-800050-1

2 August 1965

Dear Will:

Subject: Contract

In accordance with your request of 29 June 1965 we have prepared the attached fiscal review showing estimated cost to completion of all PARs at a total cost level.

A substantial underrun on PAR 212 has been realized because other projects requiring similar skills were being worked on at the same time and it was possible to use the same materials for both projects.

On the recently combined PARs 202 and 224 we are now predicting an estimated overrun In comparing the estimated cost to complete with our initial estimate we find the overrun to be in the areas of optical fabrication, mechanical design and breadboard fabrication. In the optical fabrication area it was found that difficulties encountered in manufacturing and final adjustment of lenses accounted for the increase. In the mechanical design area:

1. It was found necessary to make changes to the negative transport to correct minor tracking trouble which showed up when the sub-assembly was tested.
2. The lamphouse design was somewhat more complicated than anticipated and the design cost was underestimated.
3. The gate closing mechanism was unsatisfactory as originally designed and it had to be redesigned around a different principle altogether.
4. Design of the Lens Focus Barrel Assembly was considerably more complicated than originally predicted. Because of the extremely close tolerances required by the lens formulas instrument shop quality drawings could not be used and more complete documentation had to be provided.

We are only a few weeks away from completion of initial assembly of the

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breadboard and, therefore, have not stopped work because of the additional cost which would result from such an interruption.

We recommend continuation of the project because we believe it will add a significant new capability to the enlarging art and, therefore, are requesting authorization to continue work at the new estimated total cost level for the combined PARs 202 and 224.

RRW:eb


Dick

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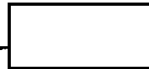
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D-R-A-F-T

PLANS AND DEVELOPMENT STAFF

POLICY PAPER ON CONTRACT



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10 August 1965

PLANS AND DEVELOPMENT STAFF

POLICY PAPER ON CONTRACT []

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25X1 1. The Plans and Development Staff has completed a review of the provisions of the [] contract and has evaluated the various projects proposed and undertaken within the contract. Past relationship between the two parties has been considered and an evaluation of the performance of the [] has been determined under the terms of the contract. It is our opinion that the cost of the present program has been too high in relation to the value of the end-product. Accordingly, it is recommended that the [] contract be allowed to terminate without renewal before FY-1967; except that outstanding PARs be completed with terminal funds.

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25X1 2. Subsequent R&D projects involving [] which would in the past have arisen under [] should now be treated in the same manner as that of other projects with other contractors, and processed according to the policies of P&DS. The Development Branch should continue to exploit the talents and experience [] but at this time, should not continue with the present implementation []

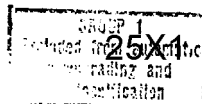
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25X1 3. The P&DS has not over-controlled the monitoring of the PARs, to the contrary -- from a beginning in 1964 with ~~X~~ little monitoring, P&DS technicians added sound monitoring procedures gradually in quality control, costs, reporting, etc. These added "innovations" may have caused [] representatives to feel they were not trusted, thus some animosity has resulted.

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innovate, investigate and propose new methods or devices to further the state-of-the-art of collected information from photographic materials; imaginative and valuable projects were expected to develop from the [] 25X1 R&D program. Personal disillusionment and lack of confidence began to grow within the staff of P&DS in the technical qualities of the [] 25X1 assigned staff and because of the unaccommodation in the administration [] from time to time throughout 1964 and 1965. It is believed that [] representatives have sensed this growing discontent and have reacted to it. The reaction has been reflected by [] representative intimations 25X1 that P&DS does not fully trust them, that [] action under [] is really 25X1 an accommodation on their part, that P&DS is tying their hands with added monitoring methods and that there is a too-strict "customer" role played by NPIC that is not considered to be under the terms of the [] 25X1 contract.

25X1 5. The provisions of the [] contract and the philosophy upon which the contract is based, are considered sound; the provisions of the contract were not ideally followed fully by either party from the outset.

25X1 6. [] representatives involved with [] should be 25X1 notified of the decision to terminate the contract; at that time all care should be taken not to inhibit their initiative to originate future projects. The philosophy of [] should still apply in the methods and devices in the photographic field could originate from either the customer or the prospective contractor.

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7. The above statements should not be construed as forming an indictment against the contract and the principles upon which is based. The Plans and Development Staff believes that future use of this type of contract, ^{taken up} with a number of competing contractors ^{and using} under ^{the} an established monitoring system, will provide imaginative and valuable results in broader technological areas at less cost.

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JUSTIFICATION STATEMENTS TO SUPPORT THE TERMINATION OF CONTRACT []

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1. The contract although sound in theory has been equivocal in practice. Both parties have interpreted their own terms to fit their own philosophy. It is apparent to P&DS that [] is not satisfied (perhaps annoyed) with the monitoring system used by P&DS. Added measures of checking on [] by the technical representatives was not envisioned by them. Obviously [] wishes a freer hand in the development of a project within the bounds [] they wish more latitude in expending funds and do not wish to be questioned in detail about costs of a given project.

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2. If newly nominated PAR's were accepted by P&DS during FY-1966 and 1967, a slice of the R&D budget would have to be provided to support [] thereby reducing the funds for other contracts.

3. The comprehension and ground rules for [] have not at times been considered the same, for example, the concept [] according to P&DS calls for fundamentally basic research with less emphasis on design and engineering; this has not always been so on the part []

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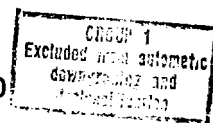
4. In opinions of P&DS staff personnel, most completed and active PARs are considered relatively expensive comparing cost with end-product. The end-product may have been less costly through competitive contracting.

[] receives favored and exclusive consideration under []

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25X1 5. One PAR was approved and accepted in 1965. Original projects [] since 1963 have either been terminated, completed or are in final stages of completion. The contract itself, although renewed to allow for completion of certain projects, is in fact practically dead.

6. The dissolution of the [] between OSA and [] would remove these problem areas; a change could eliminate any animosities that may have existed between representatives of the two parties of the contract.

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6 August 1965

25X AL ☐ Contract

STATUS OF PARs MAY 1963 - AUGUST 1965

Total considered	39
Total assigned	25
PARs not developed	4
PARs terminated after authorization	4
PARs rejected	10
PARs being prepared	1
PARs completed	12
PARs still active	8

Total estimated cost
Additional funds required (approx.)

25X Total Estimated cost of ☐

* Total authorized expenditures

FY-64, FY-65 appropriations

* Nine PARs were either terminated prior to completion of expenditures, or completed at less than the original authorization. See details on Financial Standing sheet.

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[] FINANCIAL STANDING - MAY 1963 TO AUGUST 1965

<u>PAR</u>	<u>DESCRIPTION</u>	<u>STATUS</u>
201	Travel and Liaison	<u>Active</u>
202	Briefing Print Enlarger	<u>Active</u>
203	Rapid Access Printer	<u>Terminated</u>
204	Contact Chip Printer	Terminated
205	Precision 4X Enlarger	Terminated
206	Reversal Processing Study	Completed
207	Contact Printer Study	Completed + 5,000
208	Non-Elec. Image Enhancement	Rejected
209	Phosphor Viewer	Terminated
210	Laminated Slides	Completed
211	Processing Effects Study	Completed
212	Color Acq. System Review	Completed

25X1 COMMENTS

To cost about [] additional. See PAR 224.

Contractor did not meet the assigned concept.

Contractor did not meet the assigned concept.

Fairly good report

Worthwhile report but not far enough advanced.

Did not meet with required standard

Fairly good equipment - prototype only.
Information received not applicable to NPIC procedures.**SECRET**

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<u>PAR</u>	<u>DESCRIPTION</u>	<u>STATUS</u>
213	Color Reprod. Review	Completed
214	Reversal Processor	Completed
215	24-Inch Paper Processor	Completed
216	Laser Photographic Exposure	Completed
217	Optimization of Lasers	<u>Active</u>
218	Autofocus Systems	Not developed
219	Opt. vs Contact Ptg. 1:1	Not developed
220	Static Elec. Hold-Down	Rejected
221	Lens Bench Manual	Rejected
222	Auto Stereo Regstrn System	Completed
223	Monochr. Lens System	Rejected
224	3X - 15X Enlarger	<u>Active</u>
225	Micro-D Training Program	Completed
226	Edge Trace Meas., Micro-D	Completed
227	Color Viewer	Preparing

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COMMENTS

Useable information

Meets requirement but high cost.

Meets requirement but high cost.

Did not meet expected results.

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To cost about additional. See PAR 202.

Rehash of known information in Microdensitometry.

Returned to EB-1492.

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<u>PAR</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>T.E.C.</u>	<u>AUTH. EXP.</u>	<u>COMMENTS</u>
228	Vectograph Study	Not developed			
229	Optical Design Film Viewer	Not developed			
230	10X Color Lens	Rejected			Cost involved too high
231	10-20-40X Color Lamphouse	Rejected			Cost involved too high
232	Automated Edge Trace Device	Rejected			Belonged to acquisition phase
233	Zoom (6X to 60X) Projection Lens	<u>Active</u>			Auth. in 1965. In early stages.
234	MTF Exposure Device	Rejected			
235	Automation Program Study	Rejected			
236	Film Disposal Rewind Unit	Rejected			
237	Briefing Aids	<u>Active</u>			High cost
238	Equipment Installation	<u>Active</u>			Installation cost of processors under PARs 214 and 215
239	Administration	<u>Active</u>			Administrative charges through 10 Aug. 1965.

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10 August 1965

SUMMARY OF CONTRACT

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Began 20 May 1963; to end 30 June 1964 unless renewed.

Fixed fee:

Cost of Performance:

was to provide development support for:

- a. Improved methods
- b. Exploit information gained from techniques and equipment

was to pursue developmental activities in:

- a. Viewing equipment
- b. Projection techniques
- c. Color enlarging
- d. Data handling
- e. Image enhancement
- f. Clean room techniques
- g. Light sources
- h. Mensuration techniques

Monthly progress reports were required

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Objective: To continue investigation of new methods or devices which would further the state-of-the-art for extraction of collected information from photographic materials. (Investigate, study, test and fabricate.)

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10 August 1965

TECHNICAL AREAS

25X1

PAR numbers have been listed under each area as stated in the contract.

Viewing Equipment

209, 223, 227, 228, 229

Projection Techniques

202, 205, 218, 219, 224, 233

Color Enlarging

230, 231

Data Handling

235

Image Enhancement

208, 211

Clean Room Techniques

Light Sources

216, 217

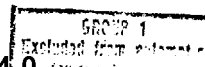
Mensuration Techniques

226, 232

Other (Contact Printers, Processors, Training, etc.)

203, 204, 206, 207, 210, 211, 213, 214, 215, 220, 221, 222, 225, 234, 236

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28 May 65

DISCUSSION

4. PAR Status: A complete index listing of PARs, titles (condensed in some cases) and status is included for quick reference:

PAR	Title	Status
201	Travel and Liaison	Active
202	Briefing Print Enlarger	Active
203	Rapid Access Printer	Active
204	Contact Chip Printer	Termination Rpt completed 27 Jan 65
205	Precision 4X Enlarger	Termination Rpt completed 27 Jan 65
206	Reversal Processing Study	Active
207	Contact Printer Study	Active
208	Non-Elec. Image Enhancement	Cancelled
209	Phosphor Viewer	Cancelled
210	Laminated Slides	Completed 4 Sept 64
211	Processing Effects Study	Active*
212	Color Acq. System Review	Active
213	Color Reprod. Review	Active
214	Reversal Processor	Active
215	24-inch Paper Processor	Active
216	Laser Photographic Exposure	Complete 12 Feb 65
217	Optimization of Lasers	Active
218	Autofocus Systems	Not to be submitted
219	Opt. vs Contact Ptg. 1:1	Not to be submitted
220	Static Elec. Hold-Down	Disapproved by Customer

*PAR 211, Supplements Nos. 1, 2, and 3 disapproved per customer letter 19 Apr 65
All work has been stopped pending customer authorization to proceed with final rpt

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28 May 65

PAR	Title	Status
221	Lens Bench Manual	Not to be submitted
222	Auto Stereo Registrn System	Completed 3 Mar 65
223	Monochr. Lens System	Disapproved/msg 4247, 9 Apr 65
224	3X - 15X Enlarger	Active
225	Micro-D Training Program	Terminated/msg 4690, 4 June 65**
226	Edge Trace Meas., Micro-D	Complete
227	Color Viewer	Contractor Preparing
228	Vectograph Study	Not to be submitted
229	Optical Design Film Viewer	Not to be submitted
230	10X Color Lens	Disapproved/msg 4494, 10 May 65
231	10-20-40X Color Lamphouse	Disapproved/msg 4494, 10 May 65
232	Automated Edge Trace Device	Disapproved/msg 4042, 12 Mar 65
233	Zoom (6X to 60X) Projection Lens	Approved/msg 4493, 10 May 65
234	MTF Exposure Device	Disapproved/msg 4266, 13 Apr 65
235	Automation Program Study	Disapproved/msg 4288, 15 Apr 65
236	Film Disposal Rewind Unit	Disapproved/msg 4289, 15 Apr 65
237	Briefing Aids	Approved/msg 4563, 18 May 65
238	Equipment Installation	Approved/msg 4592, 20 May 65
239	Administration	Active

5. Active PAR summary progress discussions are included in Section II (PAR Progress).

6. Submission of PAR 206, Reversal Processing of High Resolution Film Study, final report on 19 May 65 constituted project completion.

7. PARs prepared and submitted during the third quarter, FY-65 and their present status:

*Action accomplished after report period but included to reflect latest status

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EXCLUDED FROM AUTOMATIC DOWNGRADING
AND DECLASSIFICATION

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- a. PAR 234, MTF Exposure Device, submitted 25 Mar 65, disapproved by customer message 4266, 13 Apr 65.
- b. PAR 235, Automation Program Study, submitted 7 Apr 65, disapproved by customer message 4288, 15 Apr 65.
- c. PAR 236, Film Disposal Rewind Unit, submitted 15 Jan 65, disapproved by customer message 4289, 15 Apr 65.
- d. PAR 237, Briefing Aids, submitted 7 May 65, approved by customer message 4563, 18 May 65.
- e. PAR 238, Equipment Installation, submitted 10 May 65, approved by customer message 4592, 20 May 65.
- f. PAR 239, Administration, FY-65 and FY-66, cost estimates submitted 25 May 65, approved by customer message 4692, 4 June 65**.
- g. PAR 201, Travel and Liaison, FY-65 and FY-66, cost estimates submitted 25 May 65, approved by customer message 4691, 4 June 65**.
8. By customer message 4690, dated 4 June 65, the contractor was directed to terminate all effort on PAR 225, Microdensitometer Training Program. No report, interim or otherwise is required**.

**Action accomplished after report period but included to reflect latest status.

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10 August 1965

EKC SUBJECTS NOMINATED AS PARS - FY 1966

1. Rapid Access Printer

Comment: P&DS is not interested in this proposal based upon results of PAR 203. We would be interested in seeing

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definitive proposal of an access printer, however.

2. Reproduction System Distortion Study (connected with PAR 207).

3. Moire Pattern Technique Study

Comment: Both of these are associated subjects. We believe the use of the screen would be unhandy in the field. At present we believe we have most of the data on hand

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would turn up in these studies.

4. Stereo Projection Study

5. Stereo Registration Device

Comment: We are not interested in these proposals

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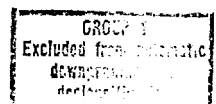
6. Briefing Print Enlarger Prototype (PAR 202)

7. Fluid Gate Enlarger Prototype (PAR 224)

Comment: These are both follow-on projects. Our interest is to complete these projects under terminal funds of

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8. Study Use of Holograms in Reproduction and/or Viewing.

Comment: We have heard of this proposal before. We should drop it, judging from past experience.

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9. Study of Mensuration Problems Near the Limit of Resolution.

Comment: As it stands, this proposal is too vague. It could be interesting. Does mean edge-response of the photo system? If so, what is their proposal? There are many people studying this very problem:

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OSA-2914-65

Copy 5 of 7

Contract
Amendment No. 2

25X1

30 JUN 1965

Gentlemen:

1. This document constitutes Amendment No. 2 to Contract between and the United States of America.

2. In accordance with the clause of this contract entitled, "CHANGES", and mutual agreement between the parties hereto, it is in the interest of the Government to amend the contract as follows:

(a) The statement of work, level of effort and other terms and conditions set forth in Exhibit "A" to the contract schedule are hereby extended for the period 1 July 1965 through 30 June 1966.

(b) In PART II, PERIOD OF PERFORMANCE, of the contract schedule, the expiration date of the contract is extended to 30 June 1966.

3. All other terms, conditions and requirements of this contract, as amended, remain unchanged.

4. Please indicate your receipt and acceptance of this Amendment No. 2 to Contract No. by executing the original and two copies hereof. Return the fully executed original and one copy to the undersigned and retain the remaining copy for your files.

Very truly yours,

Contracting Officer

ACKNOWLEDGED AND ACCEPTED

DATE 10 August 1965

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PROJECT HQS DOCUMENT RECEIPT

Sign and Return to Sender

PACKAGE NBR. OS 2658 Approved For Release 2005/11/24 : CIA-RDP78B04770A001000030054-0		DATE SENT 18 Aug 65
DESCRIPTION OF DOCUMENT(S) SENT		
DOCUMENT NBR.	COPIES	ATTACHMENT(S)
OSA-2914-65	cy 4	
SIGNATURE (acknowledging receipt of above document(s))		
OFFICE N/P/E Approved For Release 2005/11/24 : CIA-RDP78B04770A001000030054-0		DATE OF RECEIPT 18 Aug 65
FORM 10-63 2157		(13-25)

25X1 [REDACTED]

S-E-C-R-E-T

R

[REDACTED] 25X1

25X1 SUBJECT: CONTRACT [REDACTED] PAR 211

25X1 REFERENCE: [REDACTED]

DISCONTINUE ANY FURTHER STUDIES ON PAR 211. FINAL REPORT AND FOUR
BRIEFING AIDS DISCUSSED IN OUR LETTER OF 19 APRIL 1965 ARE TO BE
25X1 FURNISHED AT A COST NOT TO EXCEED [REDACTED] FOR THE BOARDS AND
25X1 [REDACTED] FOR COMPLETION OF THE FINAL REPORT.

END OF MESSAGE

25X1 [REDACTED] Asst./P&DS _____

Asst. for Operations

S-E-C-R-E-T